



State Water Resources Control Board

August 28, 2026

SANTA CLARA COUNTY
ATTN: CHARU AHLUWALIA
70 W. HEDDING STREET 7TH FLOOR, EAST WING
SAN JOSE, CA 95110

SANTA CLARA COUNTY, NOTICE OF PREPARATION (NOP) OF A DRAFT
ENVIRONMENTAL IMPACT REPORT (EIR) FOR THE FOUNTAIN OAKS RANCH
(PROJECT); SCH # 2026071249

Dear Charu Ahluwalia:

Thank you for the opportunity to provide input on the development of the Environmental Impact Report for the Project. The State Water Resources Control Board, Division of Drinking Water (State Water Board, DDW) is responsible for issuing domestic water supply permits administered under the California Safe Drinking Water Act and has discretionary approval over alternatives to the Waterworks Standards. (California Code of Regulations [CCR] title 22, chapter 16 et. seq.).

A public water system, as defined in the California Health and Safety Code (Health & Saf. Code) § 116275 subd. [h], is “a system for the provision of water for human consumption through pipes or other constructed conveyances that has 15 or more service connections or regularly serves an average of at least 25 individuals daily at least 60 days out of the year.” If a new public water system is formed by the Project, an application must be submitted, and a permit must be obtained from the DDW Santa Clara District before water can be provided for human consumption.

A water system also requires approval from the State Water Board, DDW if the Project will require an alternative from Waterworks Standards (CCR section 64551.100).

- Examples include an alternative to separation requirements between wells and sources of contamination and separation distances between water distribution lines and sewage lines.

If a water system requires a domestic water supply permit, permit amendment, or an alternative to Waterworks Standards, the State Water Board, DDW is a responsible agency under CEQA and recommends adding the State Water Board, DDW to the list of approving agencies.

The State Water Board, DDW, as a responsible agency under the California Environmental Quality Act (CEQA), has the following comments on the NOP:

The Project as proposed would create a new public water system. The Project location resides close to but outside the boundaries of two existing community water systems, the City of Morgan Hill's water system and Foothill Mutual Water Company, a failing private community water system. Please include alternatives in the EIR that consider connecting the proposed Project to an existing community water system, turning the new system over to an established investor-owned utility for ownership and management, or creating a county service area to serve the development.

The State Water Board recommends against the formation of a small mutual water company or small local entity to own, operate, monitor and maintain the water system. Small, stand-alone water systems frequently lack financial resources to fund basic capital costs and ongoing costs of maintenance, energy and treatment. Small mutual water companies are also often managed by community volunteers who lack the time, knowledge and experience to achieve and maintain long-term sustainability, including maintaining adequate technical, managerial, and financial capability, and compliance with safe drinking water regulations.

Further, in considering a permit application from a new, small water system, the State Water Board must consider the sustainability of the proposed new public water system and its water supply in the reasonably foreseeable future, in view of climate change, potential migration of groundwater contamination and other potential treatment needs, and other factors that can significantly erode a system's capacity. (Health & Saf. Code, § 116540, sub. (c).) For the reasons noted above, small water systems often struggle to cope with these challenges. Their limited resources make them less resilient to natural disasters, such as drought and fire, and they have more difficulty adjusting to regulatory changes, which could require the installation of expensive new treatment.

Similarly, there are potentially significant, adverse environmental impacts across several mandatory checklist categories that could occur due to the improper operation or maintenance of onsite wastewater treatment systems. Most critically, poorly maintained systems risk violating groundwater quality standards and waste discharge requirements, creating potential direct impact to hydrology and water quality. The chronic subsurface leaching of nitrates and pathogens can permanently degrade local groundwater basins and contaminate underlying drinking water aquifers. Furthermore, if localized system failure causes untreated effluent to back up or pool underground near the surface, it can generate severe vectors and objectionable odors.

As highlighted above, limited funding and reliance on volunteer management can result in insufficient technical, managerial, and financial capacity, making it difficult to adequately address maintenance needs and comply with regulations protecting water quality. This deficiency increases the likelihood of system failures and associated environmental hazards, demonstrating the importance of robust management and financial support for sustainable water and wastewater treatment operations.

Please notify the State Water Board, DDW, Santa Clara District, once the EIR is ready to be circulated for public review, State Water Board staff will review the draft EIR and provide additional comments, if necessary.

Please contact Van Tsang of the Santa Clara District 17 Office, at (510) 620-3602 or Van.Tsang@waterboards.ca.gov if you have any questions regarding permitting requirements.

Sincerely,

Adrian Dela Calzada

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Cc: Office of Planning and Research, State Clearinghouse

Enclosures:

1. [Preliminary Technical Report Guidance](https://waterboards.ca.gov/drinking_water/certlic/drinkingwater/documents/permits/ptr_guidance_aug2021.pdf)
https://waterboards.ca.gov/drinking_water/certlic/drinkingwater/documents/permits/ptr_guidance_aug2021.pdf
2. [What is Public Water System?](https://waterboards.ca.gov/drinking_water/certlic/drinkingwater/documents/waterpartnerships/what_is_a_public_water_sys.pdf)
https://waterboards.ca.gov/drinking_water/certlic/drinkingwater/documents/waterpartnerships/what_is_a_public_water_sys.pdf
3. [New-water-system-approval-factsheet.pdf](https://www.acwa.com/wp-content/uploads/2021/05/New-water-system-approval-factsheet.pdf)
<https://www.acwa.com/wp-content/uploads/2021/05/New-water-system-approval-factsheet.pdf>